

LBNL – PROCUREMENT STANDARD PRACTICES

Section: 15 Subcontracting by Negotiation

Subject: 15.1 Subcontracting by Negotiation – General

PURPOSE:	This standard practice (SP) describes the general aspects of subcontracting by negotiation.
POLICY:	The Laboratory shall usually subcontract by negotiation. In the award of its subcontracts by negotiation, the Laboratory shall apply the practices described herein.
SCOPE:	This SP applies to all subcontracts, except those using sealed bid procedures. While this SP applies to all negotiated subcontracts, SP 13.1, <i>Small Purchases</i> , SP 35.1, <i>Research and Development – General</i> , and SP 36.2, <i>Architect-Engineer Services</i> , should be consulted for specific guidance for those types of negotiated subcontracts. SP 36.1, <i>Construction Subcontracting</i> , should be consulted for guidance regarding the solicitation of construction services by sealed bidding.
PROCEDURES	<p>Negotiation is a method of contracting that uses either competitive or noncompetitive procedures and discussion. It includes all subcontracts awarded without using sealed-bid procedures. Subcontracting by negotiation is a flexible process that includes the receipt of proposals from offerors, permits bargaining, and usually affords offerors an opportunity to revise their offers before award of a subcontract.</p> <p>Negotiation may apply to cost/price, schedule, technical requirements, type of subcontract, or other terms of the proposed subcontract. In negotiation, award can be made on the basis of lowest evaluated price meeting specifications, technical excellence, management capability, personnel qualifications, prior experience, past performance, and other factors bearing on quality, as well as cost. Most of the Laboratory's subcontracts fall within the negotiation method of subcontracting.</p> <p>As detailed in SP 15.4 <i>Source Selection</i>, subcontracting by negotiation generally involves:</p> <ul style="list-style-type: none">• Determining the method by which the subcontractor is selected;• Developing a specification and/or statement of work for the Laboratory's requirement;• Soliciting and receiving offers from potential sources;• Assessing the offers received and obtaining clarifications, if necessary; and• Awarding the subcontract to the offeror that provides the proposal most advantageous to the Laboratory.